

DDI #7859-82
29 September 1982

MEMORANDUM FOR THE RECORD

FROM :
National Intelligence Officer for USSR-EE

25X1

SUBJECT: SIG Meeting, 28 September 1982

1. Those present at the meeting were Secretary Regan, Secretary Baldrige, Undersecretary Buckley, Administrator McPherson, Mr. Nau, Mr. Leland, Dr. Rowen, Secretary Block, Mr. Gregg, Secretary Weinberger, Mr. McDonald, Mr. Bailey, Deputy Director Harper, Undersecretary Olmer, and Undersecretary Ikle.

2. Chairman Regan started by a brief exposition of the Polish debt situation. He stated that the private banks were ahead of Western governments in getting some repayment. Secretary Baldrige asked why the banks were getting ahead of us and were getting some payments on interest when the Western governments were getting nothing. It was pointed out that part of our sanction policy was that we would not reschedule the Polish debt until there had been some liberalization inside Poland which Secretary Regan said had not happened and was not likely to happen. Secretary Regan also said that at least we were not in the position of putting up any new money to get a return on the interest due us as he said the private banks had. Mark Leland from Treasury said that next year, since the Poles had not made any payments on their 81 debt, of either declaring them in default for 81 or rescheduling. Leland also said that it was likely that other Western creditors would push for rescheduling, and would do so despite whatever position we held to. Secretary Regan concluded the discussion by saying that we would have to meet with the other Western creditors and see what ideas they had.

3. The major part of the meeting was given over to a discussion of an NSC proposal to set up a Presidential Commission that would help raise and funnel private monies into private agriculture in Poland. It was clear from the way Secretary Regan posed the question that he was skeptical about the merits of the proposal. He was joined by Secretaries Baldrige and Weinberger. The latter was particularly concerned about ensuring that any funds that went to Poland got into private rather than government hands. There was general agreement that the President's interest in this undertaking stemmed strictly from the humanitarian aspect of getting surplus commodities

This memorandum is
classified SECRET.

SECRET

B. 223B

DCI
EXEC
REG

25X1

to the Polish people. The Church was the best means to accomplish this end, and indeed this had already been done last winter. Secretary Block who had signed a letter to Director Stockman last week strongly supported the private sector initiative, agreed with Regan and Baldrige that this proposal ought to be discussed with the Allies, ought to be better thought out, and needed more study. Secretary Regan remanded the proposal back to the IG for more study. He also asked Treasury to come up with a brief for the President's use with Cardinal Glemp on the amounts of humanitarian assistance the US Government had provided to Poland. He said that the US had provided \$10 million dollars in private funds and \$42 million dollars in public funds for 1982 and that a total of \$48 million dollars in public funds have been earmarked for humanitarian assistance via Catholic relief and Project Hope.

4. There was a brief discussion of a paper on providing multi-lateral assistance to India. This stemmed from the surprisingly good visit of Mrs. Gandhi. The tenor of this discussion was that we did not want to get back into a grant aid program to India and we should use a commission that was already established to explore ways in which we could increase trade. Secretary Regan explained that the main problem was that the Indians had a great need for hard currency but it was very hard to see where that money might come from. There was an agreement that we should discourage the use of the Asian Development Bank.

25X1

DDI #7859-82

29 September 1982

SUBJECT: SIG Meeting, 28 September 1982

NIC/NIO/USSR-EE [REDACTED]

25X1

Distribution:

0 - NIO/USSR-EE Chrono

2 - C/NIC

3 - NIO/WE

4 - NIO/Econ

5 - SA/IA [REDACTED]

6 - DD/EURA

7 - DC/EURA/EE

8 - DDI Reg.

9 - ER

25X1